

**SECRET**



## **BIWEEKLY REPORT**

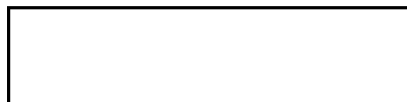
# **SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS**

EIC-WGR-1/8

28 May 1956

**PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS**

**ECONOMIC INTELLIGENCE COMMITTEE**



**SECRET**

**W A R N I N G**

**THIS MATERIAL CONTAINS INFORMATION AFFECT-  
ING THE NATIONAL DEFENSE OF THE UNITED STATES  
WITHIN THE MEANING OF THE ESPIONAGE LAWS,  
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-  
SION OR REVELATION OF WHICH IN ANY MANNER TO  
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.**

S-E-C-R-E-T

C O N T E N T S

	<u>Page</u>
I. Summary of Events, 8-21 May 1956 . . . . .	1
II. South and Southeast Asia . . . . .	3
A. India . . . . .	3
1. Polish Shipping Agreement . . . . .	3
2. Agreement for Steel Technicians to Go to the USSR for Training . . . . .	4
3. Agreement to Purchase Oil-Drilling Rigs from the USSR . . . . .	4
B. Indonesia . . . . .	5
C. Burma . . . . .	6
1. Trade Agreement with Hungary . . . . .	6
2. Trade Agreement with Bulgaria . . . . .	6
D. Cambodia . . . . .	6
III. Near East and Africa . . . . .	7
A. Egypt: Arms and the Dam . . . . .	7
B. Syria . . . . .	8
1. Arms Agreement with Czechoslovakia . . . . .	8
2. Trade Agreement with Hungary . . . . .	10
C. Turkey . . . . .	10
D. East German Trade Mission to the Near East . . . . .	11

S-E-C-R-E-T

	<u>Page</u>
IV. Latin America (Argentina) . . . . .	11
V. Western Europe . . . . .	13
A. France . . . . .	13
1. Soviet Position on French Plan for Channeling Aid Through the UN . . . .	13
2. Franco-Soviet Trade . . . . .	14
B. Denmark . . . . .	14

- v -

S-E-C-R-E-T

S-E-C-R-E-T

SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS\*

I. Summary of Events, 8-21 May 1956.

The arms agreement between Egypt and Communist China, which is reported to have accompanied the Egyptian diplomatic recognition of the Chinese Communists, is one of the most significant Sino-Soviet Bloc efforts toward the expansion of economic relations with the Free World during the period 8-21 May 1956. Other significant Bloc activities during this period were the negotiation of further arms purchases by Syria from Czechoslovakia and the Soviet offer to France, which, if accepted, would result in a tripling of trade between France and the USSR by 1959.

In South and Southeast Asia, agreements were signed by India with Poland and the USSR, by Burma with Hungary and Communist China, and by Cambodia with Communist China. The Indian-Polish agreement established a regular cargo shipping service between the two countries, and the Soviet agreements with India involved the training of about 700 metallurgical technicians in the USSR as well as the purchase by India of two oil-drilling rigs from the USSR. Burma's new trade agreements with Hungary and Bulgaria concerned shipments of rice to both Bloc countries totaling 70,000 to 90,000 long tons in exchange for machinery and other capital goods. The Cambodian agreement with Communist China stipulates that China will provide up to US \$22.4 million\*\* in material and technical aid over a period of 2 years.

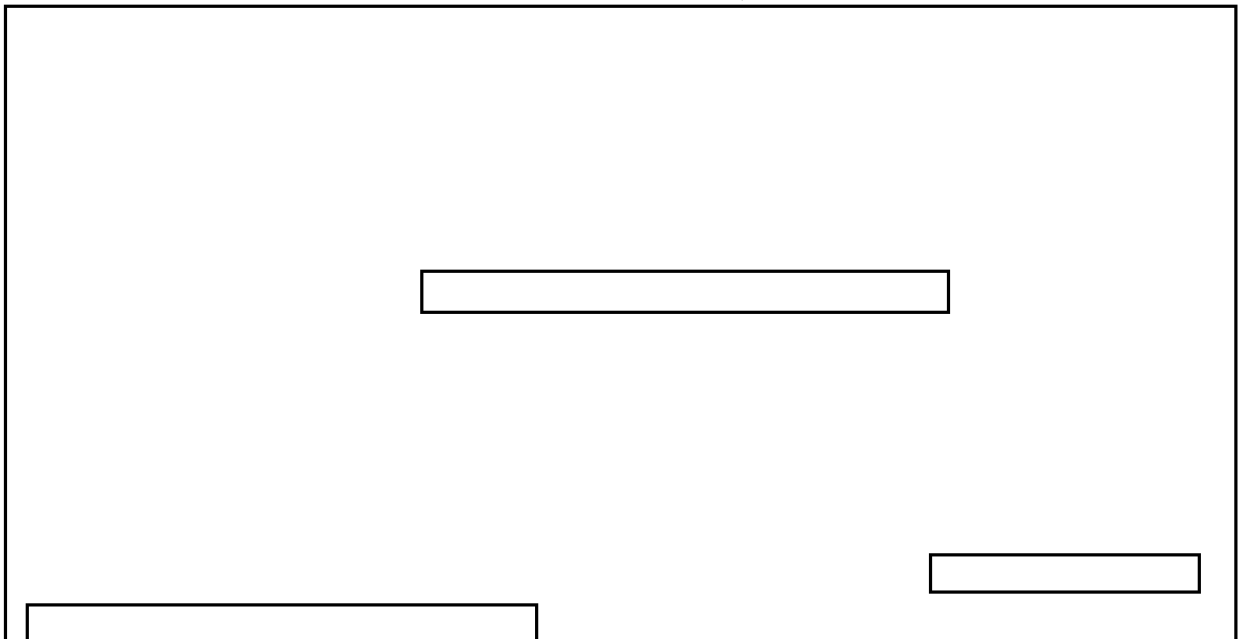
\* Although the main emphasis of the Biweekly is on economic activities of the Sino-Soviet Bloc in underdeveloped areas of the Free World, significant Bloc activities of this nature in areas not considered underdeveloped also will be discussed.

\*\* Unless otherwise specified, all dollar values in this report are in terms of US dollars.

S-E-C-R-E-T

S-E-C-R-E-T

A summary of trade activities between Indonesia and the Sino-Soviet Bloc countries indicates that Indonesian trade with the Bloc increased from \$24 million in 1954 to \$74 million in 1955. Czechoslovakia advanced an unknown amount of credit to Indonesia on 16 May, and additional trade advances are currently being made by the USSR, East Germany, and Communist China.



25X1

25X1

25X1

25X1

The principal Sino-Soviet Bloc activity in Latin America concerned the drafting of a 5-year agreement between the Argentine fishing industry and East Germany, not as yet approved by the Argentine government, wherein East Germany proposes to export about 90 fishing craft and other equipment to Argentina in return for about \$15 million worth of Argentine fish.

Sino-Soviet Bloc overtures to Western Europe are headlined during this period by a Soviet offer to increase trade with France that would result in a trade turnover of about \$300 million by 1959 and by the signing of a Soviet-Danish agreement whereby Denmark will provide industrial products and fast ocean-going vessels in return for Soviet raw materials and agricultural machinery. A

- 2 -

S-E-C-R-E-T

S-E-C-R-E-T

joint Franco-Soviet communiqué issued in Moscow on 19 May noted that the USSR was sympathetic toward French proposals to channel aid through the UN, but the wording of the statement suggests that the USSR still remains unfriendly towards such a program.

25X1

- 3 -

S-E-C-R-E-T

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010008-2

Next 12 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010008-2